

Welfare to What?

Employment Outcomes for Louisiana's Welfare Recipients

Based on findings from Louisiana's TANF Evaluation conducted by Berkeley Policy Associates

S U M M A R Y

- Louisiana's welfare roles have declined over 60% since 1996.
- About 40% of welfare recipients participate in a work activity.
- Nearly 50% of welfare recipients lack a high school diploma or GED, but only 4% participate in basic education activities.
- Most welfare recipients leave welfare for work, but almost 30% come back within the first year.
- Most former welfare recipients are employed in restaurant or other service industry jobs.
- Median quarterly earnings of former recipients are \$1600.
- Wage earnings of recipients with at least high school diploma or GED are 25% higher than those with less education.
- FIND Work has not been effective in preparing recipients for employment or increasing basic literacy.

Where We Start

In 1996, Congress ended the entitlement to welfare by mandating that adult welfare recipients participate in employment-related activities in order to continue receiving their welfare check. The new law required that states have at least 50 percent of their families in these activities for at least 30 hours per week by 2000. Louisiana's version of welfare, known as FIND Work, was implemented in 1997. Since the start of welfare reform, the state's welfare caseload has declined by 62 percent.

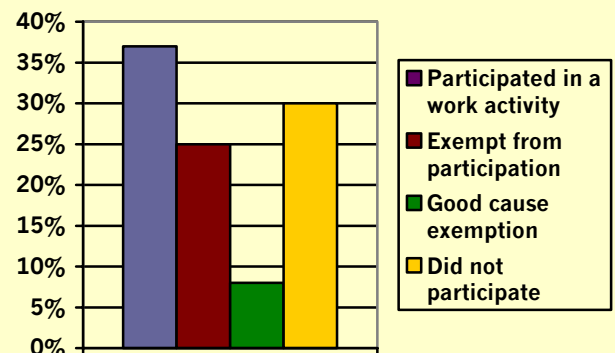
Similar declines have been experienced by other states, a result of the combined effects of welfare reform and a strong economy in the late 1990s.

Most adults receiving cash assistance, except those with a disability or a child under

the age of one, are required to participate in work activities. The state provides supportive services, such as child care and transportation, to enable these individuals to participate. Those who fail to participate in these activities can lose their welfare checks. Louisiana welfare recipients are limited to 24 months of welfare receipt within a five-year period and to 60 months of lifetime receipt. There are exemptions to the 24-month time limit, but these are very general and allow most recipients to continue to receive benefits past 24 months.

Chart 1

Recipient Participation in Activities



What We Know

Most of the adults receiving welfare assistance in Louisiana are single mothers; the average family includes two children

H I G H L I G H T

- 46% of Louisiana's welfare recipients leave welfare for employment.
- 87% of Louisiana's welfare leavers earn below the poverty level.

and over half have a child less than two. Many adults do not have basic education, about half lack a high school diploma or a General Educational Development (GED) certificate. About 75 percent of welfare recipients receive cash assistance for 12 months or less, but nearly 30 percent return to welfare within 12 months.

Although most welfare recipients are required to work or participate in a work-related activity, only about 40 percent actively participate, most often in regular, paid employment. An additional 25 percent receive an exemption from participation for up to 12 months if they have a child under age one, while 7 percent are excused due to a medical condition or a disability. (See Chart 1).

Most families do leave welfare for work—47 percent are working by the time they leave. But about 30 percent leave because their cases are sanctioned for not complying with work requirements or child support regulations. Few adults leave welfare due to time limits.

FIND Work leavers do not fare as well in the labor market compared to single mothers with young children generally.

In 2001, the employment rate for single mothers in the U.S. with children under age six was 69 percent, compared to 46 percent among FIND Work leavers.

Employment rates of FIND Work leavers are also lower than most other states' welfare leavers (see Chart 2).

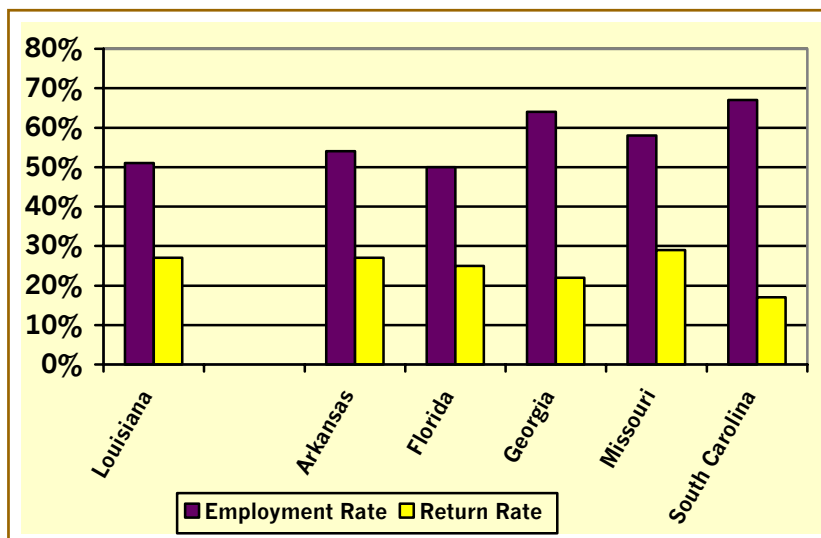
To move toward long-term self-sufficiency, FIND Work participants must not only find jobs, but keep them. Less than 30 percent of former recipients work continuously during the year after they leave welfare—lower than recipients in other states (see Chart 2). Although many of these recipients find work prior to leaving welfare, their wage earnings are low and many do not work full-time. For

example, in 2001 their median quarterly earnings were only about \$1,600. But recipients who retain continuous employment after that first year will experience a significant increase in earnings. For example, recipients who exited in 1998 and were continuously employed for two years had earnings increase on average by 15 percent after one year and 23 percent after two years.

These low earnings still leave most former recipients below the federal poverty level. In 2001, 87 percent of FIND Work leavers had earnings below the poverty level, and 55 percent had earnings below 50 percent of the poverty level. The availability of supportive services such as food stamps, earned income tax credits, and child care assistance to those transitioning off of TANF can play a critical role in maintaining family well-being. For example, a family with one child and income of \$12,000 is

Chart 2

Employment and Rates of Return to Welfare



eligible for a federal earned income credit of about \$2,500, which would boost the family's income by 20 percent.

Recipients with higher education levels are more successful in the labor market than those who do not possess basic skills. Adults who have completed high school or have a GED have employment rates 10 percent higher and earnings 25 percent higher than those with less education (see Chart 3).

Those without schooling beyond the eighth grade had both a low employment rate (34 percent) and low median quarterly earnings (\$1,191). In contrast, recipients with a high school diploma or GED had employment rates of 53 percent, and median quarterly earnings of \$1,873.

Those recipients who received good cause exemptions for work activities had employment rates of less than 30 percent after exit from FIND Work. Good cause is granted to participants with a specific barrier, such as a physical or mental health problem, domestic violence, substance abuse, or lack of transportation or child care.

Why It's Important

Under federal TANF regulations, the FIND Work program is required to balance two sometimes competing objectives: placing TANF recipients in jobs as quickly as possible while preparing those with minimal skills or low levels of education for jobs that provide them with the prospect of attaining self-sufficiency.

Although federal regulations specify limits on the time that adults may spend in basic education and training activities, such activities, properly structured, are permitted under TANF.

H I G H L I G H T

“... low average earning levels of former FIND Work recipients indicate that many may lack either the skills or work experience to obtain higher-paying jobs.”

The low average earnings levels of former FIND Work recipients indicate that many lack either the skills or work experience to obtain higher-paying jobs. Many work in industries in which job skill requirements are relatively low. For example, 23 percent of leavers work in restaurants (including fast food restaurants) after exit from FIND Work. Median quarterly earnings for those employed in this sector were just \$1,296. Another 11 percent of leavers were employed by temporary

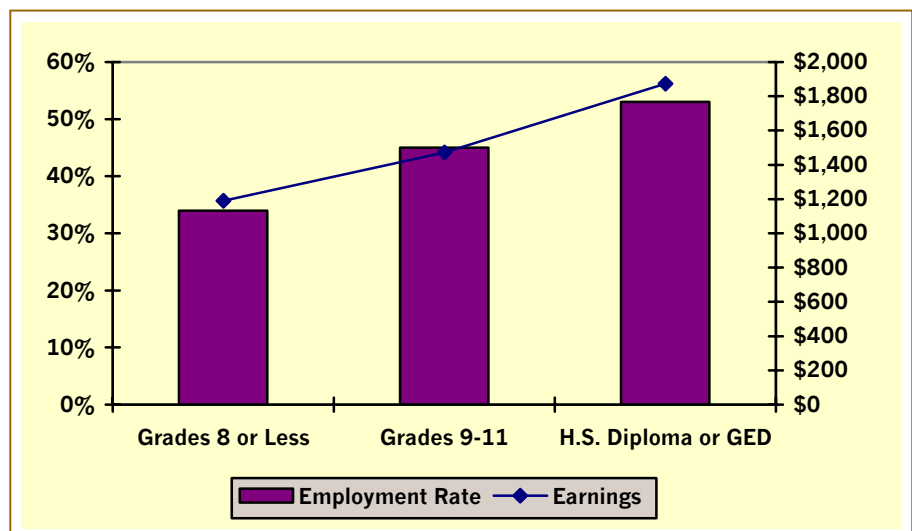
help agencies or business services companies (including telemarketing firms). Median quarterly earnings for FIND Work leavers in these industries were \$776 and \$1,153, respectively.

While many recipients find jobs, FIND Work has not been as effective in increasing the literacy or basic skill levels of recipients. Improving access to job preparation activities and targeted basic education and job training is one strategy that could be utilized more intensively by the FIND Work program to help participants improve their employment and earnings outcomes.

Currently, most parish DSS offices do not offer an intensive job readiness class covering job search and interview techniques, life skills, and proper appearance and behavior in the work place. FIND Work participants with little recent work experience would likely benefit from such

Chart 3

Employment Rates by Education Level



H I G H L I G H T

Berkeley Policy Associates made 15 policy recommendations based on their evaluation findings, including:

- Improve the assessment process to identify workplace literacy and educational deficiencies.
- Combine education and employment as an allowable work activity.
- Develop job-readiness services in all parish offices to adequately prepare recipients for work.

readiness classes. While a significant number of recipients are engaged in vocational education activities (about 20 percent of total work activity placements), recipients with low education levels participate in such activities at half the rate of those with at least a high school diploma or GED. Often, those recipients who are not making progress in finding a job, for reasons often not evident, are placed in work experience activities as a last resort. These programs are generally not set up to address underlying barriers to employment that recipients might have or to provide them with new job skills.

Low literate adults generally do not have access to basic education and GED preparation under FIND Work. Most program staff operate under the incorrect assumption that this activity is not allowable for adults 20 or older. Recently, the Department of Social Services (DSS) issued new guidelines to clarify that adults can participate in basic

education activities as part of their work requirement.

What We Do

These evaluation findings generated a number of policy recommendations aimed at improving the FIND Work program to better support FIND Work participants' efforts to move from welfare to move toward self-sufficiency.

Currently, few FIND Work participants receive literacy assessments to gauge their skill level or readiness for work. If DSS were to offer workplace literacy assessments to FIND Work participants, this should increase the capacity of the program to help recipients address barriers, such as low education or learning disabilities, which prevent recipients from finding and maintaining employment.

FIND Work offices generally do not offer job search/job readiness classes to most participants. Expanding these classes to all parish DSS offices and encouraging FIND Work participants to take these classes as part of their program

requirements should help FIND Work participants to improve their job search strategies, their job interview and resume-writing skills, and their familiarity with appropriate on-the-job behaviors and responsibilities.

Most adults with low education levels have not been placed in a work activity that allows them to improve their basic education. DSS should develop a work activity component that combines basic education, workplace literacy training, or other job-related training with a work experience component. This will allow adults with low education levels to work toward obtaining their GED as part of their work activity requirement, which is a necessary first step toward obtaining a job that will lead to self-sufficiency.

To help FIND Work participants improve their employment outcomes, the program should increase its emphasis on assessment, basic education, and workplace literacy.

Participants with literacy or mental health issues that go unaddressed are unlikely to maintain progression toward long-term employment stability, the primary goal of welfare reform.



This Policy Brief is a product of The Division of Administration's TANF Office of Oversight and Evaluation.

A copy of the full evaluation can be obtained by calling the TANF Office at 225-342-7000.

In 2003, the Legislature passed Act 58 "The Personal Responsibility and Universal Engagement Act" in response to many of the findings and recommendations cited within the full evaluation conducted by Berkeley Policy Associates.